

AMENDED IN ASSEMBLY MARCH 4, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 28**

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**Introduced by Assembly Member V. Manuel Pérez**

December 3, 2012

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An act to amend Sections 7071, 7072, 7073.1, 7076, 7076.1, 7081, 7085, 7085.1, ~~7085.5, and 7114.2~~ and 7085.5 of the Government Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 28, as amended, V. Manuel Pérez. Economic development: enterprise zones.

The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including enterprise zones, targeted tax areas, ~~local agency military base recovery areas (LAMBRAs)~~, and manufacturing enhancement areas, collectively known as geographically targeted economic development areas, or G-TEDAs. Pursuant to these provisions, qualifying entities in those areas may receive certain tax and regulatory incentives.

This bill would revise various definitions for purposes of the act and modify specified requirements for designating and administering enterprise zones, ~~LAMBRAs~~, and G-TEDAs, collectively. The bill would impose new requirements on the Department of Housing and Community Development with respect to the enterprise zone program and modify department and Franchise Tax Board reporting requirements.

Existing law, the Enterprise Zone Act, authorizes the Department of Housing and Community Development to assess a fee of not more than \$15 on each enterprise zone and manufacturing enhancement area for

each application for issuance of a certificate pursuant to specified tax credit provisions. ~~Existing law, the Local Agency Military Base Recovery Area Act, authorizes the Department of Housing and Community Development to assess a fee of not more than \$15 on each local agency military base recovery area for each application for issuance of a certificate pursuant to specified tax credit provisions.~~

This bill would instead authorize the department to charge a fee for those applications not to exceed the reasonable cost of administering the Enterprise Zone Act ~~or the Local Agency Military Base Recovery Area Act, respectively~~, but not to exceed \$20. The bill would require any increase in the fee higher than the amount that was charged by the department as of January 1, 2014, to be adopted by regulation.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 7071 of the Government Code is amended  
2     to read:  
3     7071. The Legislature finds and declares as follows:  
4     (a) The health, safety, and welfare of the people of California  
5     depend upon the development, stability, and expansion of private  
6     business, industry, and commerce, and there are certain areas within  
7     the state that are economically depressed due to a lack of  
8     investment in the private sector. Therefore, it is declared to be the  
9     purpose of this chapter to help stabilize local communities, alleviate  
10    poverty, and enhance the state's economic prosperity through the  
11    streamlining and expediting of licensing and permitting of  
12    development-related activities and the implementation of publicly  
13    and privately funded programs and services that stimulate business  
14    and industrial growth in the depressed areas of the state.  
15    (b) The geographically targeted economic development area  
16    (G-TEDA) programs are based on the economic principle that  
17    targeting significant incentives to ~~lower income~~ *lower-income*  
18    communities allows these communities to more effectively compete  
19    for new businesses and retain existing businesses, which results  
20    in increased tax revenues, less reliance on social services, and  
21    lower public safety costs. Residents and businesses also directly  
22    benefit from these more sustainable economic conditions through  
23    improved neighborhoods, business expansion, and job creation.

1 (c) Therefore, it is in the economic interest of the state to have  
2 one strong, combined, and business-friendly and community  
3 development-friendly incentive program to help attract business  
4 and industry to the state, to help retain and expand existing state  
5 business and industry, and to create increased job opportunities  
6 for all Californians.

7 (d) This chapter shall not be construed to infringe upon  
8 regulations relating to the civil rights, equal employment rights,  
9 equal opportunity rights, or fair housing rights of any person.

10 SEC. 2. Section 7072 of the Government Code is amended to  
11 read:

12 7072. For purposes of this chapter, the following definitions  
13 shall apply:

14 (a) "Department" means the Department of Housing and  
15 Community Development.

16 (b) "Date of original designation" means the earlier of the  
17 following:

18 (1) The date the eligible area receives designation as an  
19 enterprise zone by the department pursuant to this chapter.

20 (2) In the case of an enterprise zone deemed designated pursuant  
21 to subdivision (e) of Section 7073, the date the enterprise zone or  
22 program area received original designation by the former Trade  
23 and Commerce Agency pursuant to Chapter 12.8 (commencing  
24 with Section 7070) or Chapter 12.9 (commencing with Section  
25 7080), as those chapters read prior to January 1, 1997.

26 (c) "Eligible area" means any of the following:

27 (1) (A) An area designated as an enterprise zone pursuant to  
28 Chapter 12.8 (commencing with Section 7070), as it read prior to  
29 January 1, 1997, or as a targeted economic development area,  
30 neighborhood development area, or program area pursuant to  
31 Chapter 12.9 (commencing with Section 7080), as it read prior to  
32 January 1, 1997.

33 (B) A geographic area within census tracts of the proposed  
34 eligible area with a median household income for a family of four  
35 that does not exceed 80 percent of the statewide median income  
36 for the most recently available calendar year, as well as meeting  
37 at least one of the following criteria:

38 (i) The census tracts within the proposed eligible area have an  
39 unemployment rate not less than 3 percentage points above the

1 statewide average for the most recent calendar year as determined  
2 by the Employment Development Department.

3 (ii) The census tracts for the proposed eligible area are served  
4 by public schools that have more than 70 percent of the children  
5 enrolled in the federal free lunch program.

6 (iii) The area within the proposed zone has experienced  
7 significant distress factors, as defined by the department, including,  
8 but not limited to, a history of significant gang-related activity,  
9 high crime rates, or a significant number of plant or business  
10 closures, or all of these.

11 (2) The amendments made to this subdivision during the  
12 2012–13 Regular Session shall apply only to requests for proposals  
13 issued on or after January 1, 2014.

14 (d) “Enterprise zone” means any area within a city, county, or  
15 city and county that is designated as an enterprise zone by the  
16 department in accordance with Section 7073.

17 (e) “Governing body” means a county board of supervisors or  
18 a city council, as appropriate.

19 (f) “G-TEDA” means a geographically targeted economic  
20 development area, which is an area designated as an enterprise  
21 zone, a manufacturing enhancement area, a targeted tax area, or a  
22 local agency military base recovery area.

23 (g) “High-technology industries” includes, but is not limited to,  
24 the computer, biological engineering, electronics, and  
25 telecommunications industries.

26 (h) “Resident,” unless otherwise defined, means a person whose  
27 principal place of residence is within a targeted employment area.

28 (i) “Rural city” means a city with a population under 75,000  
29 that, in whole or in part, is located in an area designated as  
30 “frontier” or “rural” on the California Medical Service Study Areas  
31 map, as it was published in September 2010 or more recently  
32 updated by the Office of Statewide Health Planning and  
33 Development.

34 (j) (1) “Targeted employment area” means an area within a  
35 city, county, or city and county that is composed solely of those  
36 census tracts designated by the United States Department of  
37 Housing and Urban Development as having at least 51 percent of  
38 its residents of low- or moderate-income levels, using either the  
39 most recent United States Census Bureau data available at the time  
40 of the original enterprise zone application or the most recent United

1 States Census Bureau data available at the time the targeted  
2 employment area is designated to determine that eligibility. The  
3 purpose of a “targeted employment area” is to encourage businesses  
4 in an enterprise zone to hire eligible residents of certain geographic  
5 areas within a city, county, or city and county. A targeted  
6 employment area may be, but is not required to be, the same as all  
7 or part of an enterprise zone. A targeted employment area’s  
8 boundaries need not be contiguous. A targeted employment area  
9 does not need to encompass each eligible census tract within a  
10 city, county, or city and county. The governing body of each city,  
11 county, or city and county that has jurisdiction of the enterprise  
12 zone shall identify those census tracts whose residents are in the  
13 most need of this employment targeting. Only those census tracts  
14 within the jurisdiction of the city, county, or city and county that  
15 has jurisdiction of the enterprise zone may be included in a targeted  
16 employment area.

17 (2) At least a part of each eligible census tract within a targeted  
18 employment area shall be within the territorial jurisdiction of the  
19 city, county, or city and county that has jurisdiction for an  
20 enterprise zone. If an eligible census tract encompasses the  
21 territorial jurisdiction of two or more local governmental entities,  
22 all of those entities shall be a party to the designation of a targeted  
23 employment area. However, any one or more of those entities, by  
24 resolution or ordinance, may specify that it shall not participate in  
25 the application as an applicant, but shall agree to complete all  
26 actions stated within the application that apply to its jurisdiction,  
27 if the area is designated.

28 (3) Each local governmental entity of each city, county, or city  
29 and county that has jurisdiction of an enterprise zone shall approve,  
30 by resolution or ordinance, the boundaries of its targeted  
31 employment area, regardless of whether a census tract within the  
32 proposed targeted employment area is outside the jurisdiction of  
33 the local governmental entity.

34 (4) (A) Within 180 days of updated United States Census  
35 Bureau data becoming available, each local governmental entity  
36 of each city, county, or city and county that has jurisdiction of an  
37 enterprise zone shall approve, by resolution or ordinance,  
38 boundaries of its targeted employment area reflecting the new  
39 census data. If no changes are necessary to the boundaries based  
40 on the most current census data, the enterprise zone may send a

1 letter to the department stating that a review has been undertaken  
2 by the respective local governmental entities and no boundary  
3 changes are required.

4 (B) A targeted employment area boundary approved prior to  
5 the 2000 United States census data becoming available that has  
6 not been reviewed and its boundaries revised to reflect the most  
7 recent census data, shall be reviewed and updated, and a new  
8 resolution or ordinance submitted by the appropriate local  
9 governmental entity to the department, by July 1, 2007. However,  
10 enterprise zones that expire on or prior to December 31, 2008,  
11 shall be exempt from the update requirement.

12 ~~(k) "LAMBRA" means a local agency military base recovery~~  
13 ~~area.~~

14 SEC. 3. Section 7073.1 of the Government Code is amended  
15 to read:

16 7073.1. (a) A city, county, or city and county with an eligible  
17 area within its jurisdiction may complete a preliminary application  
18 for designation as an enterprise zone. The applying entity shall  
19 establish definitive boundaries for the proposed enterprise zone  
20 and the targeted employment area. An entity may propose zones  
21 in areas with noncontiguous boundaries, and the department may  
22 designate those areas as zones if the director determines both of  
23 the following:

24 (1) The noncontiguous area is needed to implement the  
25 applicant's economic development strategy.

26 (2) The excluded area between the proposed zone boundaries  
27 would not, based on the proposed economic strategy, also benefit  
28 from the zone designation.

29 (b) (1) In designating enterprise zones, the department shall  
30 select from the applications submitted those proposed enterprise  
31 zones that, upon a comparison of all of the applications submitted,  
32 indicate that they propose the most appropriate economic  
33 development strategy and implementation plan utilizing state and  
34 local programs and incentives to create jobs, attract private sector  
35 investment, and improve the economic conditions within the zone  
36 proposed. The department shall prescribe a format that promotes  
37 succinct and focused strategies and plans, and set minimum  
38 standards for the strategies and plans. For the purposes of this  
39 subdivision, important elements of a strategy or plan may include,  
40 but are not limited to, all of the following:

1 (A) An assessment of current financial and community  
2 development strengths, needs, and opportunities.

3 (B) A framework for investment of time, action, and money.

4 (C) Clear articulation of goals.

5 (D) Measurable objectives, including targets.

6 (E) Proposed implementation activities and tasks, including  
7 timeframes, and a framework for evaluating performance, including  
8 qualitative and quantitative benchmarks.

9 (F) An identification of local resources, including incentives,  
10 the jurisdiction will utilize to implement the strategy or plan and  
11 how those resources will help to leverage or maximize the benefit  
12 of state resources that become available for enterprise zone  
13 communities.

14 (2) For purposes of this subdivision, local resources may include,  
15 but are not limited to, all of the following:

16 (A) The suspension or relaxation of locally originated or  
17 modified building codes, zoning laws, general development plans,  
18 or rent controls.

19 (B) The elimination or reduction of fees for applications,  
20 permits, and local government services.

21 (C) The establishment of a streamlined permit process.

22 (D) Elimination or reduction of construction taxes or business  
23 license taxes.

24 (E) The provision or expansion of infrastructure.

25 (F) The targeting of federal block grant moneys, including small  
26 cities, education, and health and welfare block grants.

27 (G) The targeting of economic development grants and loan  
28 moneys, including grant and loan moneys provided by the United  
29 States Department of Housing and Urban Development.

30 (H) The targeting of state and federal job disadvantaged and  
31 vocational education grant moneys, including moneys provided  
32 by the federal Workforce Investment Act of 1998 (Public Law  
33 105-220), or its successor.

34 (I) The targeting of federal or state transportation grant moneys.

35 (J) The targeting of federal or state low-income housing and  
36 rental assistance moneys.

37 (K) The use of tax allocation bonds, special assessment bonds,  
38 bonds under the Mello-Roos Community Facilities Act of 1982  
39 (Chapter 2.5 (commencing with Section 53311) of Part 1 of  
40 Division 2 of Title 5), industrial development bonds, revenue

1 bonds, private activity bonds, housing bonds, bonds issued pursuant  
2 to the Marks-Roos Local Bond Pooling Act of 1985 (Article 4  
3 (commencing with Section 6584) of Chapter 5), certificates of  
4 participation, hospital bonds, redevelopment bonds, school bonds,  
5 and all special provisions provided for under federal tax law for  
6 enterprise community or empowerment zone bonds.

7 (L) Local financing authorities.

8 (M) Federal Workforce Investment Act moneys and programs  
9 funded with those moneys.

10 (N) Federal Community Development Block Grant Program  
11 moneys.

12 (O) CalWORKs funding and other related resources.

13 (P) Local education entities, including kindergarten and grades  
14 1 to 12, inclusive, adult education, community colleges, and public  
15 and private universities.

16 (3) When designating new enterprise zones, the department  
17 shall take into consideration the location of existing zones and  
18 make every effort to locate new zones in a manner that will not  
19 adversely affect any existing zones.

20 (4) When reviewing and ranking new enterprise zone  
21 applications, the department shall give bonus points to applications  
22 from jurisdictions that meet minimum threshold points and at least  
23 both of the following criteria:

24 (A) The percentage of households within the census tracts of  
25 the proposed enterprise zone area, the income of which is below  
26 the poverty level, is at least 17.5 percent.

27 (B) The average unemployment rate for the census tracts of the  
28 proposed enterprise zone area was not less than five percentage  
29 points above the statewide average for the most recent calendar  
30 year as determined by the Employment Development Department.

31 (5) Except as modified pursuant to paragraph (4), applications  
32 shall be ranked by the appropriateness of the economic  
33 development strategy and implementation plan, including all of  
34 the following:

35 (A) The extent the strategy clearly identifies the local resources,  
36 incentives, and programs that will be made available to the zone  
37 for meeting its goals and objectives.

38 (B) The extent the strategy provides for attracting private sector  
39 investment.



1 (C) The extent the strategy includes related regional and  
2 community-based partnerships for achieving the goals and  
3 objectives in the strategy.

4 (D) The extent the strategy fits within the jurisdiction's overall  
5 economic development strategy, including the extent the strategy  
6 and implementation plan is appropriate for the local community.

7 (E) The extent the strategy addresses the hiring and retention  
8 of unemployed or underemployed residents or low-income  
9 individuals in the proposed zone and surrounding areas.

10 (F) The extent the strategy sets reasonable and measurable  
11 benchmarks, goals, and objectives.

12 (G) The extent the strategy sets forth an appropriate funding  
13 schedule for management, oversight, and program delivery within  
14 the zone relative to the benchmarks, goals, and objectives in the  
15 strategy.

16 (H) The extent that the economic development strategy has a  
17 comprehensive incentive package for attracting private investment  
18 to the enterprise zone.

19 (c) For applications for enterprise zone designation submitted  
20 on or after January 1, 2014, both of the following shall apply:

21 (1) If any portion of the proposed zone is within, or previously  
22 was within, the boundaries of a previously designated enterprise  
23 zone, the aggregate size of the proposed zone shall not exceed the  
24 size of the previously designated and expanded enterprise zone by  
25 more than 15 percent. If a proposed zone is located in a rural city  
26 or in a county with a population under 275,000, the proposed zone  
27 shall not exceed the size of the previously designated zone and  
28 expanded enterprise zone by more than 25 percent.

29 (2) If any portions of the proposed zone are within, or previously  
30 were within, the boundaries of two or more previously designated  
31 enterprise zones, the aggregate size of the proposed zone shall not  
32 exceed the size of the largest single previously designated and  
33 expanded enterprise zone by more than 15 percent.

34 (d) In evaluating applications for designation, the department  
35 shall ensure that applications are not disqualified solely because  
36 of technical deficiencies, and shall provide applicants with an  
37 opportunity to correct the deficiencies. Applications shall be  
38 disqualified if the deficiencies are not corrected within two weeks.

39 (e) Except upon dedesignation pursuant to subdivision (c) of  
40 Section 7076.1, Section 7076.2, or Section 7085.1, a designation

1 made by the department shall be binding for a period of 15 years  
2 from the date of the original designation.

3 (f) The applicant shall be required to begin implementation of  
4 the enterprise zone plan contained in the final application within  
5 six months after notification of final designation, or the enterprise  
6 zone shall be dedesignated.

7 (g) (1) This section shall apply only to enterprise zone  
8 applications for which the department has issued a solicitation for  
9 new enterprise zone designations on or after January 1, 2007.

10 (2) The amendments made to this section during the 2012–13  
11 Regular Session shall apply only to enterprise zone applications  
12 for which the department has issued a solicitation for new  
13 enterprise zone designations on or after January 1, 2014.

14 SEC. 4. Section 7076 of the Government Code is amended to  
15 read:

16 7076. (a) The department shall serve as a liaison between the  
17 state and enterprise zone residents, businesses, workers, nonprofit  
18 organizations, and local governments. State agencies and  
19 departments shall affirmatively support their statutory  
20 responsibilities under this chapter and, consistent with their  
21 statutory duties, respond to requests made by and on the behalf of  
22 an enterprise zone.

23 (b) (1) The department shall provide technical assistance to the  
24 enterprise zones designated pursuant to this chapter with respect  
25 to all of the following activities:

26 (A) Furnish limited onsite assistance to the enterprise zones  
27 when appropriate.

28 (B) Ensure that the locality has developed a method to make  
29 residents, businesses, and neighborhood organizations aware of  
30 the opportunities to participate in the program.

31 (C) Help the locality develop a marketing program for the  
32 enterprise zone.

33 (D) Coordinate activities of other state agencies regarding the  
34 enterprise zones.

35 (E) Monitor the progress of the program.

36 (F) Help businesses to participate in the program.

37 (2) Notwithstanding existing law, the provision of services in  
38 subparagraphs (A) to (F), inclusive, shall be a high priority of the  
39 department.

1 (3) The department may, at its discretion, undertake other  
2 activities in providing management and technical assistance for  
3 successful implementation of this chapter.

4 (c) The department shall assess a fee on each enterprise zone  
5 and manufacturing enhancement area for each application for  
6 issuance of a certificate pursuant to subdivision (j) of Section  
7 17053.47 of, subdivision (c) of Section 17053.74 of, subdivision  
8 (c) of Section 23622.7 of, or subdivision (i) of Section 23622.8  
9 of, the Revenue and Taxation Code, not to exceed the reasonable  
10 cost of administering this chapter, but not to exceed twenty dollars  
11 (\$20). If the department increases the fee higher than the amount  
12 that was charged by the department as of January 1, 2014, then  
13 the department shall adopt the fee increase by regulation. The  
14 department shall collect the fee for deposit into the Enterprise Zone  
15 Fund, pursuant to Section 7072.3, for the costs of administering  
16 this chapter. The enterprise zone or manufacturing enhancement  
17 area administrator shall collect this fee at the time an application  
18 is submitted for issuance of a certificate.

19 (d) (1) (A) The department shall maintain, and post on its  
20 Internet Web site, a catalog of all administrative memoranda in  
21 effect that implement this chapter, including the subject matter of  
22 the memoranda and the effective dates of their publication,  
23 modification, or repeal, along with the text of the memoranda.

24 (B) The department shall post on its Internet Web site the  
25 publication, modification, or repeal of any of those administrative  
26 memoranda, within 10 business days of that publication,  
27 modification, or repeal.

28 (2) The department shall post on its Internet Web site enterprise  
29 zone and targeted employment area boundary approvals,  
30 modifications, and repeals within 10 business days of the approval,  
31 modification, or repeal becoming final.

32 SEC. 5. Section 7076.1 of the Government Code is amended  
33 to read:

34 7076.1. (a) The department may audit the program of any  
35 jurisdiction in any designated G-TEDA at any time during the  
36 duration of the designation, as appropriate. However, the  
37 department shall audit each G-TEDA at least once every five years  
38 from the date of designation or the operative date of this section,  
39 whichever is the latest. The matters to be examined in the course  
40 of an audit shall include an examination of the progress made by

1 the G-TEDA toward meeting the goals, objectives, and  
2 commitments set forth in its original application and the  
3 department's memorandum of understanding with the G-TEDA.

4 (b) The department shall, for each audit, determine a result of  
5 superior, pass, or fail in accordance with subdivision (c). The  
6 results of each audit shall be based upon the success of the  
7 G-TEDA in making substantial and sustained efforts since the later  
8 of its designation or last audit to meet the standards, criteria, and  
9 conditions contained in the application and the memorandum of  
10 understanding (MOU) between the department and the G-TEDA,  
11 as may be amended pursuant to the agreement of the G-TEDA and  
12 the department. In each audit, the department shall focus upon the  
13 G-TEDA's use of the marketing plan, local incentives, financing  
14 programs, job development, and program management as described  
15 in the application and the MOU. The department shall also evaluate  
16 the vouchering plan, staffing levels, budget, and elements unique  
17 to each application.

18 (c) For purposes of subdivision (b), an audit determination of  
19 superior, pass, or fail shall be made in accordance with the  
20 following:

21 (1) A G-TEDA will be determined to be superior if each  
22 jurisdiction comprising the G-TEDA does all of the following:

23 (A) Meets 90 to 100 percent of its goals, objectives, and  
24 commitments as defined in its application, most recent audit,  
25 biennial report, and memorandum of understanding with the  
26 department, and as determined by the department in consultation  
27 with the G-TEDA. An equivalent or similar commitment may be  
28 substituted for an existing commitment of a G-TEDA if it is  
29 determined by the department that an original commitment was  
30 not realistically practical or is no longer relevant.

31 (B) Demonstrates that it has reviewed and updated its goals,  
32 objectives, and commitments as defined in its original application,  
33 most recent audit, biennial report, and memorandum of  
34 understanding with the department.

35 (C) Identifies to the department's satisfaction that it has  
36 incorporated economic development commitments in addition to  
37 those commitments previously made in its application.

38 (2) (A) A G-TEDA will be determined to be passing if each  
39 jurisdiction comprising the area meets 75 to 90 percent of its goals,  
40 objectives, or commitments as defined in its original application,

1 most recent audit, biennial report, and memorandum of  
2 understanding with the department, and as determined by the  
3 department in consultation with the G-TEDA. An equivalent or  
4 similar commitment may be substituted for an existing commitment  
5 of a G-TEDA if it is determined by the department that an original  
6 commitment was not realistically practical or is no longer relevant.

7 (B) Any G-TEDA that is determined to be passing may appeal  
8 in writing to the department for a determination of superior. Only  
9 one appeal may be filed pursuant to this subparagraph with respect  
10 to a determination by the department, and may be filed no later  
11 than 30 days after the G-TEDA's receipt of the determination to  
12 which the appeal pertains. The department shall respond in writing  
13 to any appeal that is properly filed pursuant to this subparagraph  
14 within 60 days of the date of that filing.

15 (3) (A) A G-TEDA will be determined to be failing if any  
16 jurisdiction comprising the G-TEDA fails to meet or exceed 75  
17 percent of its goals, objectives, or commitments as defined in its  
18 original application, most recent audit, biennial report, and  
19 memorandum of understanding with the department, and as  
20 determined by the department in consultation with the G-TEDA.  
21 An equivalent or similar commitment may be substituted for an  
22 existing commitment of a G-TEDA if it is determined by the  
23 department that an original commitment was not realistically  
24 practical or is no longer relevant.

25 (B) Any G-TEDA that is determined to be failing shall enter  
26 into a written agreement with the department that specifies those  
27 items that the G-TEDA is required to remedy or improve. Failure  
28 of the G-TEDA and the department to negotiate and enter into a  
29 written agreement as so described within 60 days of the last day  
30 upon which the department is required to deliver a response letter  
31 pursuant to subparagraph (C) of paragraph (4) shall result in the  
32 dedesignation of the G-TEDA on January 1 immediately following  
33 the department's written notice of dedesignation to the G-TEDA.

34 (C) A written agreement entered into pursuant to this paragraph  
35 shall be for a six-month period. If, upon the expiration of the  
36 agreement, the department determines that the G-TEDA has not  
37 met or implemented at least 75 percent of the conditions set forth  
38 in the agreement, the department shall, after immediately providing  
39 written notification to each jurisdiction comprising the G-TEDA  
40 that the G-TEDA is to be dedesignated. Dedesignation of the

1 G-TEDA is effective on the first day of the month next following  
2 the date upon which the agreement expired. If, upon expiration of  
3 the agreement, the department determines that the G-TEDA has  
4 met or implemented at least 75 percent of the conditions set forth  
5 in the agreement, the department shall do either of the following:

6 (i) Allow the G-TEDA an additional year, or a longer period in  
7 the department's discretion, to meet or implement those conditions  
8 in their entirety.

9 (ii) Pursuant to written notice provided immediately to each  
10 jurisdiction that comprises the G-TEDA that the G-TEDA is to be  
11 dedesignated, dedesignate the G-TEDA effective on January 1  
12 immediately following the date of the department's written  
13 notification of dedesignation to those jurisdictions.

14 (D) Any business, located within any jurisdiction that comprises  
15 a G-TEDA that has been dedesignated, that has elected to avail  
16 itself of any state tax incentive specifically applicable to a G-TEDA  
17 for any taxable or income year beginning prior to the dedesignation  
18 of the G-TEDA may, to the extent the business is otherwise still  
19 eligible for those incentives, continue to avail itself of those  
20 incentives for a period equal to the remaining life of the G-TEDA.  
21 However, any business, located within any jurisdiction that  
22 comprises a G-TEDA that has been dedesignated, that has not  
23 availed itself of any state tax incentive in the manner described in  
24 the preceding sentence may not, after dedesignation of the  
25 G-TEDA, avail itself of any state incentive specifically applicable  
26 to a G-TEDA.

27 (4) (A) Notwithstanding paragraphs (1) to (3), inclusive, a  
28 G-TEDA shall be determined to be failing if any jurisdiction  
29 comprising the G-TEDA, in the determination of the director,  
30 provides funding support in at least three of the previous five years  
31 at a level that is less than 75 percent of the amount committed to  
32 in the G-TEDA's memorandum of understanding with the  
33 department.

34 (B) In the event that a G-TEDA is determined to be failing  
35 pursuant to this paragraph, subparagraph (B) of paragraph (3) shall  
36 apply.

37 (C) Any G-TEDA that is determined to be failing pursuant to  
38 this paragraph may appeal in writing to the department. The appeal  
39 shall be filed within 30 days of the G-TEDA's receipt of the  
40 determination to which the appeal pertains. The department shall

1 respond in writing to any appeal that is properly filed within 60  
2 days of the date of filing.

3 (d) In undertaking its audit responsibilities pursuant to this  
4 section, the department shall seek appropriate opportunities to  
5 provide technical assistance and training to help G-TEDAs address  
6 inadequacies identified through the audit of the program.  
7 Assistance may include, but is not limited to, workshops, mentoring  
8 programs, and referrals to other federal, state, and local public and  
9 private entities.

10 (e) (1) For purposes of this section, “dedesignation” means that  
11 a G-TEDA is no longer a G-TEDA for purposes of either Section  
12 7073 or 7085.

13 (2) Upon notification by the department of the dedesignation  
14 of a G-TEDA and the end of the appeal period with respect to that  
15 dedesignation, the department shall initiate an application process  
16 for a new designation as provided in Section 7073, 7073.8, 7085,  
17 7097, or 7114.

18 (f) In addition to any other oversight activities that the  
19 department determines are appropriate and necessary, the  
20 department shall review the progress reports submitted by a  
21 G-TEDA pursuant to Section 7085.1 and determine whether an  
22 audit is warranted.

23 SEC. 6. Section 7081 of the Government Code is amended to  
24 read:

25 7081. (a) Notwithstanding any other provision of state law,  
26 and to the extent permitted by federal law, the Employment  
27 Development Department and the State Department of Education  
28 shall give high priority to the training of unemployed individuals  
29 who reside in a targeted employment area or a designated enterprise  
30 zone.

31 (b) When developing workforce development and training plans  
32 and strategies, including, but not limited to, plans, activities, and  
33 responsibilities related to Section 14010 of the Unemployment  
34 Insurance Code or accessing or allocating funds from the federal  
35 Workforce Development Act of 1998 (Public Law 105-220), a  
36 state entity shall consider how the G-TEDA programs could be  
37 integrated so as to maximize the benefits to workers and businesses.

38 (c) The department may assist localities in designating local  
39 business, labor, and education consortia to broker activities between  
40 the employment community and educational and training

1 institutions. Any available discretionary funds may be used to  
2 assist the creation of those consortia.

3 (d) Local education entities that administer student work permits  
4 shall consider how enterprise zone program hiring credits could  
5 be used to benefit lower income students who apply for work  
6 permits at their offices.

7 SEC. 7. Section 7085 of the Government Code is amended to  
8 read:

9 7085. (a) In addition to the information it makes available  
10 biennially pursuant to subdivision (e) of Section 7085.1, the  
11 department shall submit a report to the Legislature every six years  
12 that evaluates the effect of the program on retaining and increasing  
13 employment among targeted populations as described in  
14 subdivision (c), public and private investment, and incomes, and  
15 on state and local tax revenues in designated enterprise zones. The  
16 report shall include a department review of the progress and  
17 effectiveness of each enterprise zone, including, but not limited  
18 to, any efforts made regarding training and placement of  
19 unemployed individuals pursuant to Section 7081. The  
20 Employment Development Department, the State Department of  
21 Social Services, and the State Department of Education shall, for  
22 the purposes of the report, provide the department with existing  
23 data on unemployed individuals receiving training. The Department  
24 of General Services shall provide information on the use and  
25 outcomes that the department tracks relating to the enterprise zone  
26 procurement preference.

27 (b) An enterprise zone governing body shall provide information  
28 at the request of the department as necessary for the department  
29 to prepare the report required pursuant to subdivision (a).

30 (c) Targeted populations included within the report required  
31 pursuant to subdivision (a) shall include, but not be limited to, the  
32 disabled, disabled veterans, individuals formerly on forms of  
33 federal and state assistance, individuals within the targeted  
34 employment areas, ex-offenders, and veterans.

35 (d) The base year for the report required pursuant to subdivision  
36 (a) shall be the calendar year commencing January 1, 2014.

37 SEC. 8. Section 7085.1 of the Government Code is amended  
38 to read:

39 7085.1. (a) The governing board of the G-TEDA shall report  
40 to the department by October 1, 2008, and by that date every other



1 year thereafter, on the activities of the G-TEDA in the previous  
2 two fiscal years and its plans for the current and following fiscal  
3 year. The biennial report shall include at least all of the following:

4 (1) The progress the G-TEDA has made during the period  
5 covered by the report relative to its goals, objectives, and  
6 commitments set forth in its original application and the  
7 department's memorandum of understanding with the G-TEDA.

8 (2) Identification of the previous two years' funding, including  
9 in-kind funding. The previous two years' funding levels shall be  
10 compared to the funding levels identified in its original application  
11 and the department's memorandum of understanding with the  
12 G-TEDA, and the amount identified in the previous biennial report.  
13 An explanation of any meaningful discrepancies in these amounts  
14 shall be provided.

15 (3) Identification of the financial value of local incentives  
16 provided during the report period, and of federal and other state  
17 resources accessed to serve the residents, workers, and businesses  
18 in the G-TEDA.

19 (4) Information aggregated from certification applications  
20 approved in the zones relating to the hiring credit. The type of  
21 information may include, but not be limited to, the number of jobs  
22 for which certifications have been issued and the wage rates and  
23 the number and size of the businesses utilizing the program.

24 (5) Information on the number of state-certified disabled  
25 veteran-owned business enterprises that submitted applications  
26 for employee certification.

27 (b) The progress of the G-TEDA in meeting the goals,  
28 objectives, and commitments set forth in the original application  
29 and the memorandum of understanding with the department shall  
30 be reviewed at least biennially by the legislative bodies comprising  
31 the G-TEDA.

32 (c) An enterprise zone governing body shall provide information  
33 at the request of the department as necessary for the department  
34 to prepare the report required pursuant to this section and Section  
35 7085.

36 (d) (1) G-TEDAs designated prior to January 1, 2007, shall  
37 have until April 15, 2008, to update their benchmarks, goals,  
38 objectives, and funding levels for administering the G-TEDA  
39 program, in order to make them measurable and conducive to the  
40 successful completion of the economic development strategy. The

1 local legislative body and the department shall approve the updated  
2 goals and objectives. The updated goals and objectives shall be  
3 included as an update to the existing memorandum of  
4 understanding between the G-TEDA and the department.

5 (2) G-TEDAs that fail to obtain approved updated goals and  
6 objectives by April 15, 2008, shall be dedesignated effective July  
7 1, 2008. The Director of Housing and Community Development  
8 shall provide notice of prospective dedesignation to the local  
9 government no later than May 1, 2008. The director may authorize  
10 up to two 60 calendar day extensions, if the local government and  
11 G-TEDA are acting in good faith and the additional time would  
12 allow them to meet the requirements of this subdivision. Businesses  
13 located within a G-TEDA that have been dedesignated shall  
14 continue to have access to tax incentives previously authorized  
15 within the G-TEDA pursuant to Section 7082.2.

16 (3) G-TEDAs designated prior to January 1, 2007, are not  
17 required to implement the biennial reporting requirements of  
18 subdivisions (a) and (b) until October 1, 2009.

19 (4) G-TEDAs that expire prior to January 1, 2010, are not  
20 required to meet the conditions of this subdivision.

21 (e) The department shall biennially, beginning on or before  
22 December 31, 2008, make available to the Legislature information  
23 related to the progress that each G-TEDA is making toward  
24 implementing its goals, objectives, and commitments set forth in  
25 the original application, the department's memorandum of  
26 understanding with the G-TEDA, and the G-TEDA's biennial  
27 report.

28 (f) G-TEDAs that fail to submit a timely biennial report to the  
29 department shall be audited pursuant to Section 7076.1. This  
30 subdivision shall apply to all reports due on or after October 1,  
31 2014.

32 SEC. 9. Section 7085.5 of the Government Code is amended  
33 to read:

34 7085.5. The Franchise Tax Board shall annually make available  
35 to the department and the Legislature information, to the extent it  
36 is reasonably available, by enterprise zone and by city or county,  
37 on the dollar value of the G-TEDA tax credits and other G-TEDA  
38 tax incentives that are claimed each year by businesses and shall  
39 design and distribute forms and instructions that will allow the  
40 following information to be accessible:

1 (a) The total number of jobs for which the hiring credits are  
2 claimed.

3 (b) The number of businesses claiming each individual tax  
4 credit.

5 (c) The nature of the business claiming each individual tax  
6 credit.

7 (d) The distribution of zone tax incentives among industry  
8 groups.

9 (e) The distribution of zone tax incentives by the annual receipts  
10 and asset value of the business claiming each individual tax credit.

11 (f) The total cost of qualified property put into service within  
12 enterprise zones and LAMBRA during the previous five taxable  
13 years. In determining these amounts, qualified property put into  
14 service within enterprise zones shall have the same meaning as  
15 defined in Sections 17053.70 and 23612.2 of the Revenue and  
16 Taxation Code, and qualified property put into service within a  
17 LAMBRA shall have the same meaning as defined in Sections  
18 17053.45 and 23645 of the Revenue and Taxation Code.

19 (g) Any other information that the Franchise Tax Board and the  
20 department deem to be important in determining the cost to, and  
21 benefit derived by, the taxpayers of the state.

22 SEC. 10. Section 7114.2 of the Government Code is amended  
23 to read:

24 ~~7114.2. (a) The department shall assess each LAMBRA a fee~~  
25 ~~for each application for issuance of a certificate pursuant to~~  
26 ~~subdivision (c) of Section 17053.46 of the Revenue and Taxation~~  
27 ~~Code and subdivision (c) of Section 23646 of the Revenue and~~  
28 ~~Taxation Code, not to exceed the reasonable cost of administering~~  
29 ~~this chapter, but not to exceed twenty dollars (\$20). If the~~  
30 ~~department increases the fee higher than the amount that was~~  
31 ~~charged by the department as of January 1, 2014, then the~~  
32 ~~department shall adopt the fee increase by regulation. The~~  
33 ~~department shall collect the fee for deposit into the Enterprise Zone~~  
34 ~~Fund, pursuant to Section 7072.3, for the costs of administering~~  
35 ~~this chapter. The LAMBRA administrator shall collect this fee at~~  
36 ~~the time an application is submitted for issuance of a certificate.~~

37 ~~(b) The department shall adopt regulations governing the~~  
38 ~~imposition and collection of fees pursuant to this section and the~~  
39 ~~issuance of certificates pursuant to subdivision (c) of Section~~  
40 ~~17053.46 of the Revenue and Taxation Code and subdivision (c)~~

1 of Section 23646 of the Revenue and Taxation Code. The  
2 regulations shall provide for a notice or invoice to fee payers as  
3 to the amount and purpose of the fee. The adoption of the  
4 regulations shall be deemed to be an emergency and necessary for  
5 the immediate preservation of the public peace, health and safety,  
6 or general welfare. Notwithstanding subdivision (c) of Section  
7 11346.1, the regulations shall remain in effect for no more than  
8 360 days unless the agency complies with all the provisions of  
9 Chapter 3.5 (commencing with Section 11340) of Part 1 of Division  
10 3 of Title 2 as required by subdivision (c) of Section 11346.1.

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